

# CASE STUDY

## Pets at home

### The business challenge

The Pets at Home finance team had a number of significant problems with the tools used to support their forecasting and budgeting process. In 2015 the organisation resolved to move to a new planning solution that would enable them to improve annual and quarterly planning rounds.

As Pets at Home's Financial Planning & Analysis (FP&A) Manager, Kerry Burton, explains, "chief among our reasons for wanting to change was that when the company IPO'd in March 2014, one of our key commitments was to move to a more reliable planning platform within 12 months of floating." Up until this point the finance team and the wider organisation had been using a large number of Excel spreadsheets in combination with Infor's PM product, but overall this process was seen as difficult to manage and unreliable.

"What we used to do," continues Burton, "was to carry out detailed planning and modelling using offline Excel spreadsheets. Once we'd completed that process we would take the data out of the spreadsheets and plug it into the Infor system, usually by re-keying figures or using copy and paste. We'd then run the submitted numbers inside the Infor application to consolidate them and extract the results for reporting purposes. All-in-all it was a pretty time consuming and inefficient process and one of the biggest challenges was that we didn't really know how to use the Infor application, nor did we have a very clear sense of how it calculated the numbers."

This rekeying and extraction led to a number of data integrity and reliability issues. Exacerbated by the growth of the company, as it expanded from 250 to around 400 stores in a relatively short time. This expansion placed an increasing amount of stress on the old planning process and the technologies that supported it.

#### ABOUT THE CLIENT

Pets at Home are the UK's leading specialist retailer of pet food, pet-related products and pet accessories, operating from 420 stores across the UK. The Group also operates 7 specialist High Street based dog stores, called Barkers, and 240 Grooming salons. The Group operates the UK's largest small animal veterinary business with 388 practices, run principally under a Joint Venture model using the Vets4Pets and Companion Care brand names, and 4 specialist veterinary referral centres. The company takes the job of matching animals to potential owners seriously with store colleagues being carefully trained to be able to offer a superior level of pet care advice.

#### INDUSTRY

Retail

#### BUSINESS CHALLENGE

- Need for a corporate planning platform post IPO
- Time wasted copy data into Infor PM and extracting it
- Lack of transparency in consolidated numbers
- Lack of data integrity
- Lack of reliability

#### EOH SOLUTION

- SAP BPC powered by SAP HANA
- Integration with SAP BW
- Centralised database
- Integrated reporting
- EOH
  - Great understanding of business concepts
  - Excellent communication
  - Realistic project management

#### BUSINESS IMPACT

- Reduction in time taken to collate numbers
- More time for FP&A team to add value to the process
- Able to report statutory sales and EBITDA on a weekly basis
- Improved quality throughout forecasting processes
- Increased confidence in the data

“We couldn’t continue to rely on Excel,” explains Burton, “it simply didn’t allow us to manage data integrity effectively. Plus we had a commitment to provide good quality forecasts to our investors.”

SAP BPC, powered by SAP HANA was eventually chosen to satisfy the requirement to move to a more robust planning system. Phase 1 was implemented and covered the annual detailed Business Plan and the quarterly Reforecasts. The next step was to address an increasingly important report, Risk and Opportunities (R&Os). R&Os still existed in excel and was reliant on data again being copied and pasted out of exports from SAP BPC. As up to 10 people would be inputting into R&Os at any one time, version control was a major challenge.

## The requirement

“What we needed was not only an application that would be able to support the collection of data, but also one that would integrate seamlessly with our underlying SAP BPC system.”

Given that we are a SAP shop and we used SAP BPC for our formal planning rounds, building the R&Os in to SAP BPC was the most logical option” says Burton. A key part of this integration was using the existing plan data within SAP BPC in the same structure so we weren’t creating more master data or maintenance.

“We wanted simple input sheets, showing data in a way that users would recognise,” says Burton, “that way, time spent inputting would be minimised and users would feel in control of the process. We also wanted the output to be immediate, so time could be spent analysing and challenging the results and not collating.”

## The solution

With the decision made, Pets at Home set about choosing an implementation partner. “We attended a seminar on trends in FP&A because we wanted to learn more about best practices in that space and were introduced to EOH,” says Burton. Once they had been engaged, the EOH personnel integrated easily with the Pets at Home FP&A team. “EOH were on site for a couple of days each week. Even when they weren’t in the office they made sure that they communicated with us regarding on-going development whenever necessary,” says Burton, “we weren’t having to constantly chase them for updates.”

The FP&A team were particularly impressed by EOH’s business knowledge and their realistic approach to project planning.



“One of the refreshing things about working with EOH was that we didn’t have to explain business concepts to them,” she continues. “In addition they came up with timeframes for implementation that were flexible and realistic.”

Most importantly for Pets at Home, EOH placed knowledge transfer at the heart of the project plan. “It was important for us that ownership of the application remained in-house,” says Burton, “obviously the most cost-effective way to resolve development problems is for us to make the necessary changes to the system ourselves. EOH ensured that we were equipped to do that.”

The new Pets at Home software solution comprises of SAP BPC Excel templates which enables users to capture forecast data and commentaries for the current financial year versus a pre-populated baseline. Despite Excel being used as an interface, all of the data is stored within the centralised database that sits at the heart of the SAP BPC system. Once this data has been collected it is consolidated to provide Profit and Loss (P&L) reports as well as tables of Key Performance Indicators (KPIs). “When we were doing R&Os in excel, generating KPIs wasn’t possible. As this task was weekly, we only had a certain amount of time and most of this was spend validating input. We had no time for added value tasks.”

“Now we’re able to pull off a group P&L, look at the integrated commentaries and use them to start focused conversations. This means the standard of our R&Os has increased as has the confidence in the output. The numbers are now used to guide more informed and confident business decisions.”

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## The benefits

The new EOH developed planning system has brought substantial benefits to the Pets at Home FP&A team and to the business as a whole. The centralised database at the centre of the SAP BPC application has meant that planning discussions are now focused on the material areas and business impact of forecast figures, bringing an end to disagreements about who has the correct figures. Similarly, there has been a large reduction in the amount of time needed to assemble the R&Os.

“Because we no longer have to extract data from a number of Excel spreadsheets and copy it in to a master copy, we’ve been able to take the time that we used to spend gathering numbers and use that to add value to the figures themselves.” In addition to a more efficient use of time, the new system has meant that Pets at Home has been able to increase the detail and timeliness of their reporting, as Burton explains: “we’re now able to report on statutory sales and EBITDA margin on a weekly basis. We’ve never been able to do that before.”

“Overall, there has been a marked increase in quality throughout the process,” Burton continues, “once the data is collected, the reporting pack pretty much generates itself. It means we have more time to chase and investigate the variances.”

All this has had a marked impact on the focus of the FP&A team and of the planners themselves, as Burton explains, “we still work up to the deadlines, but now we spend that time focusing on the figures in the year-to-go rather than concentrating solely on the current period. There’s been a definite shift to a longer term view of the business.”

“Implementing the new system has improved the quality of the work we do,” Burton concludes, “because we know the figures in the forecast are going to be challenged by the Management Team, FP&A need to be sure they’re 100% accurate. Using SAP BPC we’ve been able to achieve that level of confidence.”

Pets At Home see this stage as the beginning of the journey with SAP BPC; the business recognise the benefits the solution has delivered and can see the potential of moving over other planning processes such as the Strategic Plan. They understand the system, they own the solution and Pets can now plan, design and manage their own future with SAP BPC.

## About EOH

Founded in 1996 EOH UK has been making a tangible difference to the finance function for decades. We build trusted relationships by bolting deep business know-how and proven technology capabilities to our collaborative leadership values.

At the heart of our success is the recognition that building trust with clients is critical. We go to extraordinary lengths to understand the full picture, from current challenges to future goals, while inspiring clients to become more visionary across the system landscape.

Breaking away from legacy systems and streamlining processes is a bold and increasingly necessary step. Choosing EOH UK ensures you have a partner with you at every step of that journey.

Together we deliver the optimum technology solution – grounded in pragmatism but always with an eye on innovation. The result? A faster, leaner, smarter solution delivering returns as well as improved business performance.

**Technology makes it possible, people make it happen.**